

Chairman Louie Cononelos
Director Kevin Carter

**Board of Trustees
School & Institutional Trust Lands Administration
Salt Lake City, Utah**

November 19, 2015

Minutes

Attending:

Board

Louie Cononelos
Jim Lekas
Tom Bachtell
Lonnie Bullard
Scott Ruppe
Roger Barrus
Mike Mower

Staff

Kevin Carter
Kim Christy
LaVonne Garrison
Tom Faddies
John Andrews
Rodger Mitchell
Ron Carlson
Lisa Schneider
Deena Loyola
Jeff Roe
Michelle McConkie
David Ure
Jerry Mansfield
Elise Erler
Eric Baim
Nannette Johnson

Others in Attendance:

Tim Donaldson, Utah State Office of Education
Natalie Gordon, Utah State Office of Education
Karen Rupp, Utah State Office of Education
Tracy Miller, Utah PTA
Margaret Bird, Utah Universities
Commissioner Wade Bitner, Tooele
David Wolfgramm, Ivory Homes
Chris Gammvroulas, Ivory Homes
Bryon Prince, Ivory Homes
Scott Barney, Economic Development

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Welcome

Chairman Cononelos welcomed everyone.

2. Approval of Board Minutes for October 21 and October 22, 2015

January 28	Salt Lake City	<i>July 10-14, WSLCA in Sandpoint, Idaho</i>
<i>February 29-March 3</i>	<i>WSLCA in D.C.</i>	August 18 Salt Lake City
March 17	Salt Lake City	September 15 Board Tour
April 21-22	Tour/Retreat ?	October 20 Salt Lake City
May 19	Salt Lake City	November 17 Salt Lake City
June 16	Salt Lake City	December No Meeting

The Board approved minutes of the October 21 and October 22 meetings.

“I make the motion to approve minutes of October 21 and 22, 2015.”

Motion: Mower/Bachtell Unanimous

Roll Call:

Louie Cononelos – yes	James Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

3. Confirmation of Upcoming Meeting Dates

The meeting schedule for 2016 was approved and will be posted to the agency website.

4. County Advisory Committee and Public Comment Period

Commissioner Bitner mentioned discussions of drilling for water in Rush Valley. He attended this Board meeting to find out if there are any changes that effect the local community. Kim Christy referred to the information presented to the Board at the last meeting. Mr. Christy noted that any public hearings related to the issue will be managed by the State Engineer from this point forward. Director Carter added there has not been any information disclosed by the Engineer to date.

Tom Bachtell confirmed that it is policy and state law that the agency will not interfere with current and preexisting water rights.

5. Consent Calendar

Consent

a. Major Transaction – Eagle Mountain Development Lease

Roger Mitchell introduced an Eagle Mountain project. Mike Mower described the quality on the Hidden Valley project in St. George and hoped the same quality would be evident in the Eagle Mountain project.

Elise Erler reviewed the property location, economics, and other details for the project in a presentation which can be reviewed on the [Public Notice](#) website.

Tom Bachtell asked about the status of the I-15 bypass road. While access currently exists, the future corridors will improve the access and increase the land value.

Lonnie Bullard discussed key elements of partnership for development in Utah County.

Roger Barrus discussed the widening of the corridor and noted that SITLA’s long-term planning assisted in determining the placement of the corridor.

Chairman Cononelos asked for comments from Ivory Homes as the partner for the proposal. David Wolfgramm represented Ivory Homes and expressed enthusiasm to work with SITLA on the proposal at Eagle Mountain. He appreciates the joint commitment for the community that is shared by both entities. Chairman Cononelos asked Mr. Wolfgramm if he believed there was water available for the project. Mr. Wolfgramm said, “yes,” there was water to support the current community, the proposal, and more.

Elise Erler asked for consent approval from the Board. The Board approved the project.

“I make the motion to approve the Consent item for the project outlined for Eagle Mountain.”

Motion: Bullard/Lekas Unanimous

Roll Call:

Louie Cononelos – yes	James Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

Notification

b. Minor Dev. Transaction – Sale of 0.29 Acre Parcel in the Green Springs Area of Washington Co. There were no questions from the Board. The transaction will continue as presented.

Follow-up after Six Months

- c. OBA Approval Request – Joe’s Valley Cooperative Management Agreement & Lease with BLM
- d. Amendment of ML 51983 OBA, Utah Alunite-Potash Ridge
- e. Proposal for Major Transaction: Coral Canyon

There were no concerns expressed by the Board for any of the six-month follow-up items.

6. Chair’s Report

a. Beneficiary Report: The Beadle Club

Tim Donaldson presented the historical Beadle Club of South Dakota. The club worked hard to protect the lands and funds. The Civil War and Great Depression were significant factors that the trust could not withstand. He proposed the value of past participants including Board members, staff, and others to create a Utah version of the Beadle Club to represent long-term interests of the trust. The full presentation is available on the [Public Notice](#) Website.

Board members expressed support for establishing a club similar to one presented by Mr. Donaldson.

Mike Mower asked if the South Dakota club is still in existence. Director Carter said it is possible the club still exists; however, the last online entry is from 2002.

Chairman Cononelos asked how many states squandered away the trust. Director Carter indicated that every state has squandered the trust to varying degrees.

7. Director’s Report

a. Director’s Update

Director Carter reviewed the issues at the Point of the Mountain sand and gravel controversy with a map showing the affected area. He also noted that Jerry Mansfield and Andy Beddingfield visited the site and reported that the product removed from the site was not of mineral quality but rather limited to sand and gravel.

A letter was sent to MCW Energy Group with the findings.

Director Carter reviewed the proposed MOU with BLM to address long term wild horse issues. Historically, each time the BLM has removed horses, the horse population returned the next day. The MOU outlines a timeline for action by BLM with the highest likelihood of success.

- Remove \leq 150 Horses from Blawn Wash
- Remove \leq 50 horses from McKay Flat
- Thereafter remove all horses from Blawn Wash and McKay Flats every two years
- Remove \leq 50 horses from SITLA land in FY 2017

Lonnie Bullard asked if burros were included in the memorandum. Director Carter indicated the MOU will include the removal of wild burros.

Jim Lekas asked if removal was more than chasing the horses from SITLA land. The Director confirmed the horses will be relocated.

The Fall 2015 Auction offered seven properties. Six sold at more than the minimum price. One property did not receive bids high enough to reach the minimum price and was, therefore, removed from the bidding. The Director also provided a history of the land and how it came into SITLA possession.

Director Carter told the Board a delegation from the Idaho Department of Lands would meet with staff to look at our operations with a focus on the land records.

b. Board Concurrence in Amendments to Grazing Rules Lease

Kim Christy recalled the earlier meetings when the grazing rule changes were first announced. The early concerns have been addressed or resolved with the rule changes, where possible. There were three issues adopted with the rule changes. All expiring permits will now be advertised on the website.

Compensation for improvements is included in the rule. The assignment fee is changing to \$10 an AUM. The changes have been vetted with the livestock community. Mr. Christy also outlined the rule change for action to take in dealing with permit holders found in violation of rules. Other changes to the rule are cosmetic in nature and do not significantly alter the rule.

Lonnie Bullard asked for tracking of the grazing permits that are not used primarily for grazing but rather sold at a higher price on a secondary market.

Chairman Cononelos asked Dave Ure for input on the grazing rule change. Mr. Ure discussed the complexities of scattered sections and blocks of land and noted the challenges to address the diversity of land in a single perspective. Mr. Ure did commit to tracking the issue and determining the feasibility of collecting information relative to the number of permits that are sold and potentially the difference in the second market sale of SITLA permits.

Jim Lekas noted that the issue has been discussed thoroughly and he felt the actions reflected in the rule change are a good first step.

Tom Bachtell said any high value loans will require an appraisal of the earning potential. Mr. Christy confirmed the potential for earning around \$100 and AUM in some locations.

Mr. Bachtell asked Dave Ure if he intended to report back to the Board in approximately four months on the earning potential of grazing permits. Mr. Ure stated that he and staff would look at the permits and

compare the issues against the obstacles the agency faces. The information collected can also be evaluated for the potential of additional earnings.

Chairman Cononelos asked if a postponement of concurrence would accomplish anything of benefit. Scott Ruppe felt the Board should proceed with a vote.

Roger Barrus discussed the value of the coalitions that are part of the grazing population and are important allies for SITLA. Mr. Barrus also agreed to proceeding with a vote.

Commissioner Bitner noted that livestock prices go up and down along with hay prices. The market will ebb and flow and the same opportunities will not always be available. He suggested the Board make sure the decision impacts those permits targeted for grazing rather than those obtained for earning.

The rule changes were approved by the Board.

“I make the motion to approve the agency grazing rule changes.”

Motion: Bachtell/Lekas Approved with five yes votes and two no votes

Roll Call:

Louie Cononelos – no	James Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – no	Roger Barrus – yes	Mike Mower – yes	

c. Board Concurrence in Amendments to Procurement Rules

Ron Carlson presented the Procurement Rule with the definition added by Tom Bachtell. The rule adjusts the \$20,000 threshold to \$50,000. The Board voted to approve the rule change.

“I make the motion to approve changes to an agency procurement rule.”

Motion: Ruppe/Barrus Unanimous

Roll Call:

Louie Cononelos – yes	James Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

d. Litigation Update

John Andrews will provide more detail on the status of sage grouse habitat in a future report. Additional litigation updates took place in closed session after the exchange update.

e. Exchange Update

John Andrews discussed the UTTR exchange noting the congressional legislation anticipated by the end of the month. Deliberation continues on how the bill should move forward. The agency has identified land for exchange and provided a map detailing those sites. The Board reviewed the map at a previous meeting. Minor changes represent no significant difference from the map viewed earlier.

Chairman Cononelos asked if there was concurrence in the House and Senate. John Andrews said those details were not known at this time but he thought any concurrence would become evident at the first of the year.

The Public Land Initiative is still being reviewed by committee and legislative counsel. There may be no formal introduction in 2015. The SITLA land package has been available for a month or more. The initiative will have significant challenges as the exchange moves forward.

Mr. Andrews discussed President Obama's Executive Memorandum that calls for policy development saying no federal lands may be taken without mitigation for assets. Any land exchange will require one-to-one mitigation for impact on scenic value as well as plant or animal habitat. There are many unanswered questions and this issue will continue to evolve.

The Board went into closed session for the remainder of the meeting for the purpose of Litigation Updates.

"I make the motion the Board go into closed session for the purpose of discussing potential for pending or imminent litigation."

Motion: Ruppe/Bullard Unanimous

Roll Call:

Louie Cononelos – yes	James Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

The Board returned to open session and adjourned the meeting.

"I make the motion the Board return to open session."

Motion: Ruppe/Bachtell Unanimous

Roll Call:

Louie Cononelos – yes	James Lekas – yes	Tom Bachtell – yes	Scott Ruppe – yes
Lonnie Bullard – yes	Roger Barrus – yes	Mike Mower – yes	

Adjourn
